

506 16th Avenue SE
Olympia WA 98501-2323
Campus Mail: PO Box 40910
(360) 786-5171
FAX 786-5180
TDD 1-800-635-9993

State of Washington
Joint Legislative Audit and Review Committee

JLARC News

February 1998

Value of Performance Auditing Illustrated in JLARC Study Follow-ups

“Recent study follow-ups reveal significant cost-savings to state government resulting from the implementation of JLARC recommendations,” reports JLARC Chair Representative Cathy McMorris. Senator Al Bauer, Vice-Chair, adds, “This further illustrates the value of effective performance auditing.”

Department of Corrections — Capacity Planning

In its 1993 report of the Department of Corrections (DOC) Capacity Planning and Implementation, JLARC recognized that the department had a good capacity planning process, but also made recommendations for improvement and savings.

JLARC staff followed up on the recommendations in January of this year and it appears that DOC will generate over \$12 million in savings next biennium by implementing the JLARC recommendations and using the tools that were developed by the audit team. This amount of savings exceeds the original audit estimates.

Consistent with the audit recommendations, DOC will achieve the projected biennial savings by: 1) replacing some of its most inefficient facilities (\$6 million), 2) making better use of existing facilities (\$2.5 million), 3) consolidating some operations (\$3 million), and 4) refin-

ing the method used to provide for custody relief staffing (\$.7 million).

Juvenile Rehabilitation Capacity Planning

JLARC staff presented a follow-up briefing on the January 1997 performance audit of the Juvenile Rehabilitation Administration's (JRA) Capacity Planning Process. The original audit focused on the capital and operating costs of the major residential facilities operated by JRA.

One-time cost savings of approximately \$7 million can already be attributed, directly or indirectly, to the audit recommendations JRA has either implemented or is in the process of implementing.

To promote continued implementation of the committee's recommendations, the findings of the follow-up briefing were transmitted to the chairs of the appropriate House and Senate standing committees. In

addition, the JLARC Executive Committee recently reiterated to JRA its support of a committee recommendation that JRA should develop an ongoing master planning process that incorporates a JLARC-developed capital cost model to compare the life-cycle costs of different capital alternatives. Implementation of this recommendation could result in additional cost savings and operational improvements for JRA.

Child Protective Services

The Department of Social and Health Services (DSHS) recently submitted a progress report to JLARC regarding the status of the Children's Administration implementation of the recommendations contained in JLARC's Report 97-2, Child Protective Services. The report indicates that the Children's Administration is actively developing an internal process of determining the best ways to deliver services and the potential for their replication around the state. While it is too early to see the results of that work, the process appears to be consistent with the approach that is discussed in the audit report.



Current Major Projects

Mission Statement

The Joint Legislative Audit and Review Committee (JLARC) conducts objective performance audits, program evaluations, special studies, and sunset reviews on behalf of the legislature and the citizens of the state of Washington. The committee makes recommendations to the legislature and state agencies that should result in cost savings and/or improved performance in state government.

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Department of Transportation Performance Audits

On February 9, 1998, JLARC and the Legislative Transportation Committee (LTC) heard the preliminary report of the JLARC performance audit of the Highways and Rail Programs within the Department of Transportation (DOT).

The preliminary report recognizes positive initiatives on the part of DOT, such as efforts to mitigate the costs of compliance with environmental regulations and the implementation of a bridge management system that will enhance the agency's ability to achieve least life-cycle costs. The report also indicates that lessons learned from the DuPont Interchange project can be applied to other projects to achieve savings.

Recommendations from the preliminary report focused on several additional ways for DOT to improve performance. Potential savings are identified in the areas of maintenance (by means of managed competition), construction (by avoiding cost overruns), and environmental mitigation (by means of funding a Wetlands Bank). The audit was conducted for JLARC by the firm of Cambridge Systematics, Inc., of Cambridge, Massachusetts.

The proposed final report on the Highways and Rail Programs is scheduled for presentation on March 13, 1998. At the same meeting, the firm of Booz-Allen & Hamilton, Inc., is scheduled to present the preliminary report on the performance audit of the Washington State Ferry System.

Together, the audits of the Highways and Rail Programs and the Ferry System comprise Phase I of the performance audits that were mandated in the 1997-99 Transportation Budget. Phase II will include performance audits of the Department of Licensing, the Washington State Patrol and, subject to legislative interest and available funding, reviews of additional areas within the Department of Transportation that were not addressed in Phase I. Phase II is scheduled to be completed prior to the 1999 Legislative Session.

Department of Corrections Performance Audit and Briefing on Offender Work and Education Programs

JLARC staff found that the Department of Corrections (DOC) has complied with recent legislative directions to focus educational resources on basic skills and to create new industry jobs. However, the audit determined that educational resources are not being used cost-effectively and are not matched with need. JLARC also found that DOC lacks comprehensive information on inmate activities in order to ensure idleness is minimized and allocation of education and job resources are maximized.

The January 9 briefing to the committee dealt with a segment of the performance audit of DOC. The preliminary report will be presented in June.

Workers' Compensation Performance Audit Update

JLARC recently selected a contractor to conduct the performance audit of

the Workers' Compensation System. The audit will involve a comprehensive review of the performance of the system, and will address issues ranging from how well the Department of Labor and Industries manages workers' compensation claims to how Washington's premiums and benefits compare to those of other states. The audit will be completed before the 1999 Legislative Session, and will include recommendations for improving the system.

Recent Studies

JLARC Study Suggests Increasing Teacher Awareness of Internship Opportunities

In 1995, the legislature added teacher participation in internships with business, industry, or government as a means of advancement on the state-wide salary allocation schedule. This act was designed to encourage teachers to become more familiar with business, industry, and government and then bring that perspective back into the classroom.

A recent JLARC study revealed that information about the legislative change was not widely disseminated. As a result, few school districts and teachers knew about the internships and only a handful of teachers in the state submitted credits under the new program.

In order to increase awareness of these internship opportunities, the JLARC report suggests that the State Board of Education (SBE) and the Office of the Superintendent of Public Instruction (OSPI) use their web sites to disseminate information on this and any other future legislative policy changes to the school districts and the individual certificated staff. Both SBE and OSPI staff have agreed to implement this suggestion.

Use of Leave Sharing Program Increased 76 Percent

Use of the state's Leave Sharing Program increased 76 percent since a 1996 legislative change in the program made sick leave available for donation.

The program, originally created in 1989, permits state employees to share annual leave and sick leave with fellow state employees (who have exhausted all leave) so that those employees will not have to go on leave without pay or terminate employment due to extraordinary illness or injury.

A recent JLARC study shows that the Leave Sharing Program is being used by state employees in almost every agency in the state. Direct program expenditures for FY1997 were \$3.2 million. This represents an increase of 76 percent over the \$1.8 million in program expenditures in FY1996 (before sick leave became available for transfer). Although the number of shared leave recipients has expanded from FY1996 to FY1997, the number of program-eligible individuals on leave without pay has remained relatively constant.

The JLARC study also noted that state agencies have taken steps to meet the legislative intent that the Leave Sharing Program does not significantly increase the cost of leave to the state.

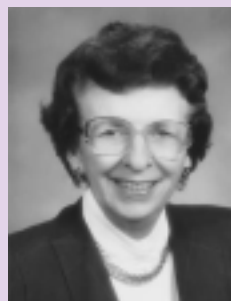
Executive Committee



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Cathy McMorris, Chair*



*Senator
Al Bauer, Vice Chair*



*Representative
Val Ogden, Secretary*



*Senator
James West, Asst. Secretary*

Performance Measurement



On the Net...

Download JLARC reports and one-page summaries from our Web site. The Web site has complete information about committee membership, schedule, projects, reports, and newsletters.

<http://www.leg.wa.gov/www/lbc/>

Suggestions...

JLARC welcomes your feedback on newsletter content. Please contact Curt Rogers at (360) 786-5171, or e-mail at rogers_cu@leg.wa.gov if you have comments or suggestions about items of interest you would like to see included in future newsletters.

JLARC Playing a Key Role in the Facilitation and Implementation of Performance Measures

“Because of the significant effort currently devoted to performance measurement activities by state government agencies, the legislature needs some feedback on the degree that *Performance Measurement* leads to *Performance Improvement*,” comments JLARC Chair Representative Cathy McMorris.

JLARC continues its efforts to increase state government’s understanding and use of performance measures. This is consistent with 1996 legislation which placed more emphasis on performance auditing and directed the Legislative Auditor to “facilitate the implementation of effective performance measures throughout state government.”

Current efforts include:

- Facilitating legislative review of performance measures at the front end of new and major programs such as the state’s new welfare program, WorkFirst, which JLARC is evaluating.
- Reviewing agency performance measures as part of its audits on the efficiency and effectiveness of programs. For example, JLARC is currently looking at the Department of Corrections’ performance objectives and results.
- Providing training and consultation on performance-based government, including within the legislature.
- Facilitating coordination of legislative and executive efforts to integrate performance measurement with the budget process.

JLARC will continue to report the results of its performance improvement efforts in future newsletters.

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